

Program design and Financial Literacy Action Plan towards Financial Intelligence Household small industries of the tourist District of East Java Crunch

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ABSTRACT

The purpose of this research is to make the concept of program design and plan follow-up financial literacy financial intelligence meuju for small industrial households. Based on previous research on the factors that affect the financial literacy is old age, knowledge and experience in the field of finance, economic behavior, attitude and behavioral finance, gender, self control, Government policy, socialization Finance, budgeting household finances. The design of the proposed program is a great program that sustained involving stake holder consisting of Government, industry, households are large scale companies and academia. The follow-up plan priorities is a plan that applied to the household industry to become a smart family financial future. Existing condition indicates that household industry keicl the lowliest County Tourism crunch is still in the stage of haven't reached financial literacy so need to program design and follow through toward the financial industry from small household financial literacy to financial intelligence.

Keywords

Financial Literacy, Financial Intelligence

INTRODUCTION

The County has a large potential crunch in terms of tourism is shown by the number of tourist destinations by as much as 27 destinations diwisata giri, there are religious tourism with 97 small industry consisting of food beverage industry, batik and crafts. Issues that are important to a small tourist industry taeniatus giri district crunch is still mixing up between financial businesses with financial bylaws so that can not reflect the financial literacy, including households in this industry Yet the financial records all his efforts are good and yet comply with financial accounting standard effective EMKM applied as of 1 January 2018. The soul of the spirit of entrepreneurship and motivation is very high. Therefore, the required program design and follow-up of financial literacy so that household financial industry into a financial savvy. smart financial criteria is shown with household financial decisions a small industry for melaukan investment, if the household financial industry came to the stage of getting to know the savings and deposits are then classified as literacy Finance.

LITERATURE REVIEW

Financial Literacy

The term financial literacy (financial literacy) expressed by financial experts as well as a variety of literature none are exactly

the same. Financial literacy is used as a manifestation of a person's ability in taking decisions setting personal finance or family. Lusardi and Mitchell (2007) defined financial literacy financial knowledge and abilities as applying it (knowledge and ability) with the aim of achieving prosperity. Danes and Hira (1987) and Chen and Volpe (1998) identify financial literacy as knowledge to manage finances (financial literacy is money management knowledge).

Financial literacy is a measure of understanding of financial concepts and skills in the right financial management in making decisions for short-term and long-term planning in accordance with the dynamics of the needs and conditions of the economy (Hung et Al, 2009; Remund, 2010, Huston 2010). Financial literacy is the ability to use knowledge and expertise to achieve good financial behavior so that the knowledge, skills and behaviors is the unity of interrelated in financial literacy (concept & Schmitz Bova, 2013; Lusardi & Mitchell, 2014). Lusardi and Mitchell (2006) found that the lack of financial literacy is affected by age for cases in the United States so much as the study of Cole et al (2008) that the age becomes a factor which significantly to financial literacy in India and Indonesia. Another factor is gender as Lusardi and Mitchell (2006, 2008) which explains that gender differences are too big in Sweden where women rarely make economic decisions in the household. Study of Goldsmith and Goldsmith (1997) shows that women have a low interest in investment and finance and rarely use financial services than men. Study of Cole et al (2008), Worthington (2004), Lusardi and Mitchell (2006, 2008) found that communities with high levels of education have more financial knowledge than communities with low levels of education

Empirical evidence, Lusardi and Mitchell (2006.2009) found that there is a difference between men and women in making financial decisions, and men better because it has a higher financial knowledge. Ibrahim, Aaron and Isa (2009) also found that the majority of students in Malaysia have knowledge of Finance (financial literacy) are less high, thus causing no directional in making financial decisions every day.

Hilgert and Hogarth (2003) as well as Cude, Lawrence, Lyons, Metzger, LeJeune, Marks, and Machtmes (2006) also States that required knowledge of how to manage their finances as well as how the technique of investing into things that can not be ignored again like the previous times. Et.al Cude. (2006) States that the development of financial instruments, not accompanied by the will

of the people to start investing, and presumably one of the reasons is the low level of financial literacy of the public.

Orton (2007) clarify by stating that financial literacy is an integral part in the life of someone because of financial literacy is an essential tool for making informed financial decisions. But from pengalamanpengalaman in various countries still show relatively less high. Byrne (2007) also found that a low financial knowledge will lead to the creation of a financial plan is wrong, and lead to a bias in the achievement of well-being at a time when the age is not productive anymore.

National Financial Literacy Strategy Blueprint Indonesia (SNLKI) launched by the financial services authority (OJK) defined financial literacy as a set of processes or activities to improve knowledge, skills (skill), and confidence (confidence) of consumers and the public at large so that they are able to manage your finances better.

The Association of Chartered Certified Accountants (2014) formulated the concept of financial literacy that includes knowledge of financial concepts, ability to understand financial concepts, communication skills to manage personal finance/corporate and the ability to do financial decisions in certain situations. Lusardi (2012) stated that financial literacy is comprised of a number of the ability and knowledge of finance, owned by a person to be able to manage or use the money to improve his life. Financial literacy is highly associated with the behavior, habits and the influence of external factors.

METHODOLOGY

This research is qualitative research with types describe and analyze the results of the in-depth interviews against the household which has a small tourist industry taeniatus giri and ujungpangkah crunch Regency East Java. The target of this research is to 30 household’s small tourism industry giri and 20 households of small tourism industry ujungpangkah.

RESULTS AND DISCUSSION

Based on the initial study detected that this small industry household actually has a soul, spirit and high motivation for entrepreneurship. However, this small industry households still need to be improved through financial literacy kesejahteraannya so tercapailah financial intelligence. Based on the factors of financial lietrasi anaisis dominated by old age factors show that in fact they are worried about their financial future if they sign at old age. Therefore need to be given the design of the programs that do need to be given to financial education and socialization for household industry. Plan follow-up is necessary the introduction of household financial record keeping so that household financial industry reports have little finance consisting of the position of the asset, debt and capital, as well as reports on the activities of the household reports are small.

Knowledge and experience in the field of finance, the design of the proposed program is knowledge of household consumption which in principle is frugal but not miserly and does not reduce the quality of life of his household. Whereas in terms of experience with regard to the length of the household mmiliki small industries of in-depth interview results, it turns out that households that have a small industry with a long lifetime, not necessarily reflect success Financials compared with household industry. Therefore, the need to finance the recording of the introduction programme for households so that the finance industry has a household in terms of

financial independence, no need to wait for the length of the Foundation of the industry.

Behavioral economics, for household industry shared responsibility be among Government, academia, the household industry itself and the large industrial region of the target with the rise of credit cards without a collateral cause household industry small can behave konsumtip economy, this means greater expenses than the industry in revenue caused by the ease and speed of access is supported with marketing online shopping increasingly accessible. This will affect the attitudes and behavior of household finances small industries.

Attitude and behavioral finance, mirrored by the financial habits for small industrial households especially in terms of how to get the money from his business and spend it quickly. This is detected from the reluctance of saving, putting his money on deposit and investment as the menguntugkan capital investment for a household industry.

Gender, the majority of small industry business owners are women, it is actually shows that women have a great potential to be a discipline noted financial bylaws as well as finance his efforts. But what happens is that the household industry not separating household finances and financial efforts.

Self-control, in order not to behave so consumer household small industries should be able to control myself not to consumerist, so their financial expenses in addition to the need for daily living, for the cost of the her efforts and priorities savings or the deposits will be used for investment by buying the means of production in order to be able to produce quickly, increasing its production capacity, increasing the kaulitas production, reducing defective product so has value and can compete with superior products.

Government policy, must support the motivation of the perpetrators of the small industries in terms of management of the licensing business, access to capital, building his business networking, facilitating a large industry in the implementation of social responsibility his company, doing a work Apprentice programs, provide training which is increasing competitiveness and improving the quality of the product, provide socialization about the Indonesia national standard, so the product has value sale and export.

Socializing finance, must be done by academics in providing financial literacy learning, calculation of cost of goods production, education about the importance of business efficiency, education regarding the forms and types of investment profitable, there needs to be cooperation with the banking to the effort of adding capital flowering is very low, if not have the guarantees can be assisted by pemerintah through credit assurance region (JAMKRIDA).

Budgeting Household Finances, this needs to be done so that the waste does not occur if the financial realization of greater than penganggarannya. If the household small industry makes financial budgeting, then the financial performance of the industry the small household can be evaluated every month so know when waste is caused by factors that can be controlled or the factors that cannot be controlled. Household finance industry is said to have a small keceradasan when the household small industry has been able to invest the financial savings from the results of his household by means of developing her business, for example adding the tools industry or transport tools and all assets that support his efforts so that a small industry growing forward.]

Financial Literacy

No.	Indicator	Factor Values
1	Old Age	0,920
2	Financial Education	0,913

3	Financial Experience	0,905
4	Budgeting Business Finance	0,868
5	Economic Behavior	0,836
6	Financial Attitude	0,828
7	Gender	0,810
8	Financial Behavior	0,802
9	Self Control	0,788
10	Government Policy	0,784
11	Financial Socialization from the Government	0,772
12	Budgeting Family Finance	0,747

CONCLUSION

There are four pillars were responsible for the success of the financial rumha the ladder industry smaller, local government through service-related service, small industry, a major industry and academia.

The design of the program's priority is to conduct financial literacy to introduce socialization towards financial intelligence while doing education and pedampingan this role is carried out by academics.

The plan is to conduct follow-up mentoring finance small industry in a sustainable way so that a small industry household became a household financial independence to have financial resilience when the Country experienced the economic crisis then household industry small negative no impact..

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